

CITY OF PALMETTO, GEORGIA



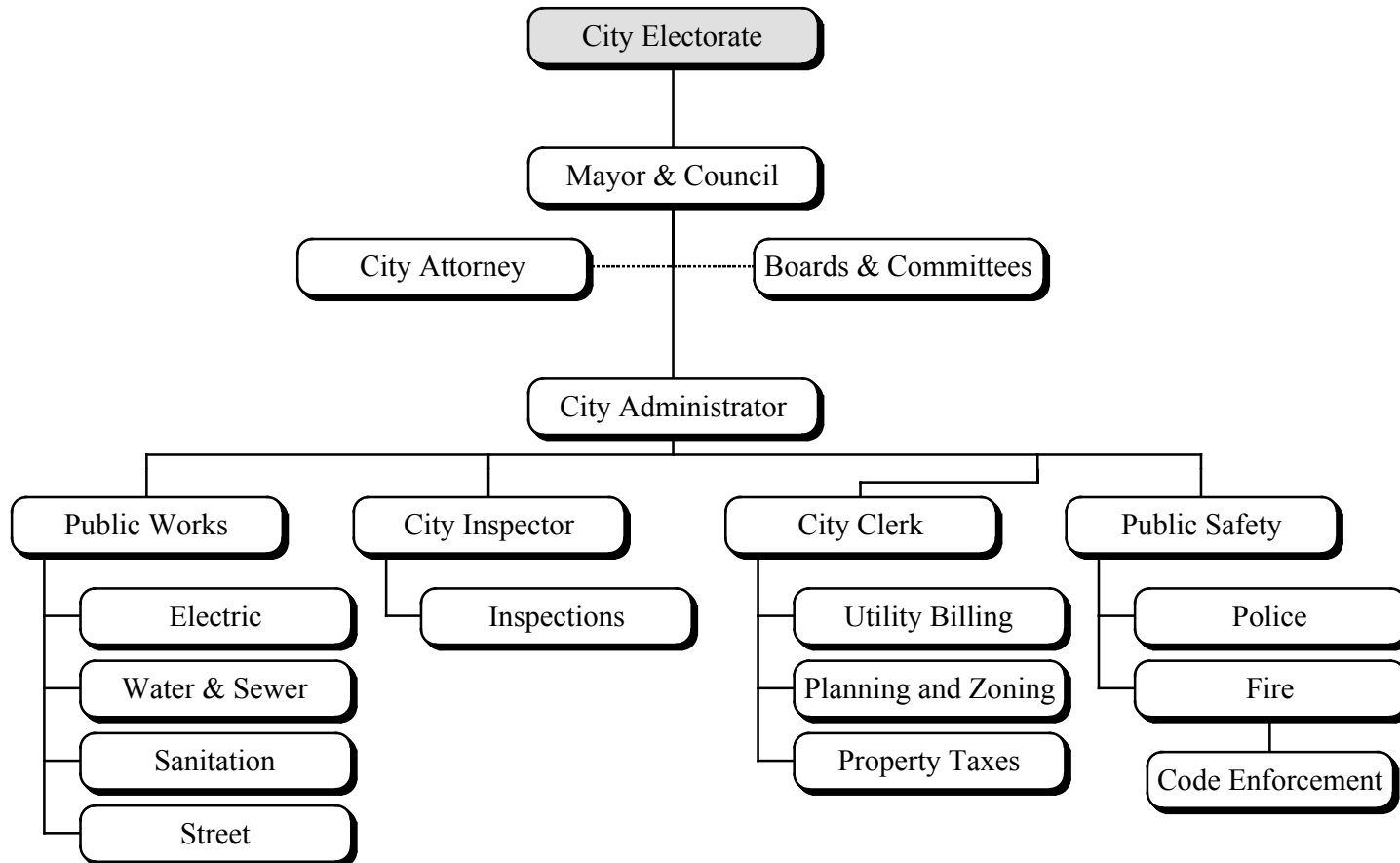
ANNUAL *FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by
City Administrator's Office
William H. Shell
City Administrator
Palmetto City Hall
CITY OF PALMETTO, GEORGIA

City of Palmetto, Georgia

Organizational Chart



**CITY OF PALMETTO, GEORGIA
CITY OFFICIALS
2019**

MAYOR

J. Clark Boddie

CITY COUNCIL

Michael Arnold

Tara Miller

Laura Mullis

Larry Parrott

Nathan Slaton

Patty O'Hara Willey

CITY ADMINISTRATOR

William H. Shell

CITY CLERK

Cynthia Hanson

CHIEF OF POLICE

Randy Mundy

FIRE CHIEF

Henry Argo

CITY RECORDER

Russell Ross

H. Clay Collins

BUILDING INSPECTOR

Leonard Thompson

Charles Abbott Associates, Inc.

CITY PLANNER

The Collaborative Firm

CITY ATTORNEYS

McNally, Fox, Grant & Davenport

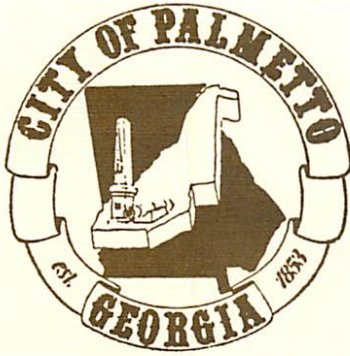
CITY AUDITORS

Post CPAs, LLC

CITY OF PALMETTO, GEORGIA

Table of Contents

INTRODUCTORY SECTION	
Title Page	1
Organization Chart	2
Listing of City Officials	3
Table of Contents	4
Letter of Transmittal	5-8
FINANCIAL SECTION	
Title Page - Financial Section	9
Independent Auditors' Report	10-11
Management's Discussion and Analysis	12-17
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	23
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Net Fund Position- Proprietary Funds	26-27
Statement of Cash Flows - Proprietary Funds	28
Notes to the Financial Statements	29-48
<u>Required Supplementary Information</u>	
Schedule of Changes in the City's Net Position Liability and Related Ratios	49
Schedule of City Contributions	50
Title Page - Individual Fund Statements and Schedules	51
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet, Non-Major Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non-Major Governmental Funds	53
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget to Actual	
Electric Fund	54
Water and Sewer Fund	55
Sanitation Fund	56
T SPLOST Fund	57
Non-Major Governmental Funds	58
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	59
Schedule by Function and Activity	60
Schedule of Change by Function and Activity	61
<u>Compliance Section</u>	
Independent Auditors' Report on Special 1 Percent Sales and Use Tax	62
Schedule of Projects Constructed with Special Sales Tax Proceeds	63
Independent Auditors' Report on Internal Control	64-65



City Of Palmetto

P. O. Box 190

Palmetto, Georgia 30268

Area Code 770 / 463-3377

Honorable J. Clark Boddie, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

Ladies and Gentlemen:

The annual financial report of the City of Palmetto, Georgia for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The annual financial report is presented in two sections: introductory, and financial. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The transmittal letter includes general information about the City, economic condition and outlook for the City, major initiatives for the year and for the future and other information including the audit, awards and acknowledgments.

The financial section includes the independent auditor's report on the financial statements, management's discussion and analysis, the basic audited financial statements with combining and individual fund statements. This section also includes Required Supplementary Information.

General Information - City of Palmetto

In the beginning there was wilderness; then there was Johnson's Store; next there was Willis P. Menefee's plantation; finally there was Palmetto. Thus, the story of the town of Palmetto, Georgia, evolves. Located twenty-five miles southwest of Atlanta, Palmetto grew in much the same way as Atlanta did. Settlement in South Fulton, as it is known today, began with the creation of Coweta County in 1826 and Campbell County in 1828. Most of the people who came to the new district were residents of other parts of Georgia who had won land in the 1827 Land Lottery or who had bought land from those who had won land grants. The first known development in the area that was eventually to become the Town of Palmetto occurred in 1833 with the construction of a general store by John H. Johnson, who was appointed the first postmaster. This store was located in northern Coweta County on a trail that would in the future yield itself to a well traveled roadway, later to be Highway 29, and to the West Point Railroad.

The next step in the process of developing a town came with the arrival in the 1840's of Willis P. Menefee, who is sometimes called the "father of the town". Major Menefee settled in an area near Johnson's Store and a Methodist campground. Tradition has it that the Menefee plantation included almost all of the territory now occupied by the town of Palmetto. The "Major" saw to it that the settlement would grow into a cohesive and lasting community by donating land for churches, schools and parks. He also had a hand in the naming of the town that was to be.

It happened that in January of 1847 a regiment of soldiers under the leadership of General Butler was traveling from South Carolina on their way to fight in the Mexican War. The soldiers bivouacked for two weeks in the vicinity of the Menefee plantation and the Methodist campground. During this time, Major Menefee opened his home to the men and showed such hospitality to his guests that upon their departure they presented him with a handsome sword. More importantly, the soldiers suggested that this community might be named in honor of both their regiment and

their home state - they were the Palmetto Regiment from the Palmetto State. In May of that year the local residents agreed that henceforth this land was to be called Palmetto. In honor of this historic occasion, the town's first governmental official was elected, the Town Intendant, Dr. W.S. Zellars.



On February 18, 1854, the town of Palmetto was granted a charter by the state legislature and the first city limits were established. The first town commissioners were Willis P. Menefee, Samuel Swanson, James J. Beall, Reuben Melsaps and John M. Edwards. By the time the charter was granted, the railroad was already assuming a role in the making of the town. The Atlanta and LaGrange Railroad was completed to Palmetto on March 17, 1851. This railroad was built on a high ridge of land which runs on an easterly parallel to the Chattahoochee River from Atlanta to West Point. As a natural passageway, the ridge was once a trail used by Indians, and later became part of the Montgomery Stage Coach route. People who owned

land in the path of the railroad sold rights-of-way for passage through their property. Major Menefee, on the other hand, being a director and stockholder in the railroad company, gave all the land necessary for the laying of tracks and the building of the station in town.

Now Palmetto, which had been primarily a farming town, found itself becoming a railroad town. More businesses developed, more people moved into the district, and the area which began as a wilderness had truly become a town. The many occupations of the residents of Palmetto in the 1870's reveal a developing, self sustaining community. In the surrounding district, the families were engaged in farming, but in the town itself there were numerous dry good merchants and clerks, several physicians, a druggist, ministers, school teachers, a lawyer, a bailiff, a railroad engineer, a depot agent, a blacksmith, a painter, a boot maker, a plasterer, a brick molder, a wheelwright, carpenters, brick masons and a tobacconist agent.

Palmetto is a turn of the century City that has the charm and atmosphere of a small town with the convenience of a large city. Quaint but prosperous, Palmetto is expanding. Today, Palmetto has grown to a population of 4,625 with a population growth rate of 25% between 1980 and 1990, 27% between 1990 and 2000, and 42% between 2000 and 2015.

Services Provided

Services provided by the City under general governmental functions include police and fire protection, planning and engineering, code enforcement, street maintenance, traffic control, parks operation and maintenance. In addition, electric, water and sewer services and solid waste collection and disposal services are provided under an Enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Organization of the Government

The City has a Mayor and Council - City Administrator form of government with a mayor and six council members in the governing body. The City Administrator is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of City programs. The City Administrator has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council. Management has a reasonable basis for assuming responsibility for the information contained in the basic financial statements as a result of implementing sound internal controls through segregation of accounting duties.

Economic Condition and Outlook

The City of Palmetto is located in South Metro Atlanta just fifteen minutes south of Atlanta's Hartsfield-Jackson International Airport. The community is in close proximity to the dynamic Atlanta interstate hub of commerce being located in south Fulton County and north Coweta County, Palmetto is poised for economic development. Palmetto is known as the "Friendly City" and its current logo invites you to enjoy "Green Space, Blue Skies, Great People".

Two large parcels of land have been annexed into the City since 2006. One of the parcels was annexed in October 2006 and encompasses 3,717 acres on the northwest side of Palmetto within Fulton County. The size of the planned development in this area required designation as a Development of Regional Impact and was found in the best interest of the state by the Atlanta Regional Commission and the Georgia Regional Transportation Authority in January 2009. This area was rezoned as a Planned Unit Development District as part of a complete update to the City's Zoned Ordinance which was completed, approved, and adopted by the mayor and council in 2012.

The second parcel was annexed in January 2008 and is located on the southeast side of the City within Coweta County. Of the 255 acres annexed, the planned use for a portion of the acreage located along US Interstate I-85 included 55 acres for light industrial and 30 acres for general commercial. Development of this tract has started with a combination of office/warehouses being constructed and the City is receiving inquiries on many potential commercial developments for this area.

Major Initiatives

FOR THE YEAR

The first phase of five warehouses in Palmetto is complete, and they contain over a million square feet of space each. One is located at the old airport site, one on Tatum Road, and one on Weldon Road. There will be two more at the airport site, and a second building on Tatum Road that will be built in the second phase.

FOR THE FUTURE

Downtown improvements will be the major focus of 2020, the new sidewalks are in the planning stages and construction will begin in 2020. A new MARTA shelter will be built at Highway 29 and Tatum Road. Smoke testing continues to be done on older sewer lines so repairs can be scheduled.

Other Information

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed expected benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Post CPA's LLC was selected. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

MD&A. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of Palmetto's MD&A can be found immediately following the report of the independent auditors.

Acknowledgments. I would like to take this opportunity to express my appreciation to Mayor J. Clark Boddie and each of the council members for your guidance and support in the preparation of this report. I would also like to express my sincere appreciation to department heads, Fire Chief Henry Argo, and Police Chief Randy Mundy for their assistance and cooperation during the year to effect a better accounting and reporting system for the City of Palmetto, for without this assistance and cooperation this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink that reads "William H. Shell". The signature is written in a cursive, flowing style.

William H. Shell
City Administrator

December 30, 2019



CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

To the Honorable Mayor and Members of the City Council
City of Palmetto, Georgia
Palmetto, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Georgia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, and the aggregate remaining fund information of the City Palmetto, Georgia, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 12-17 be presented to supplement the basic financial statements.

Post CPAs, LLC - Certified Public Accountants

3475 Dallas Highway, Suite 125 • Marietta, Georgia 30064 • Office: (678) 290-5100 • Fax: (678) 290-3307

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 30, 2019 on our consideration of the City of Palmetto's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Palmetto's internal control over financial reporting and compliance.



Marietta, Georgia
March 1, 2021

Management's Discussion and Analysis

As management of the City of Palmetto, we offer readers of the City of Palmetto's financial statements this narrative overview and analysis of the financial activities of the City of Palmetto for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of the City of Palmetto exceeded its liabilities and deferred inflows at the close of the fiscal year by nearly \$22.15 million.
- The government's total net position increased by \$2.16 million.
- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending net position of \$6.4 million, an increase of \$954 thousand in comparison with the prior year.
- The City of Palmetto's total liabilities and deferred inflows increased by \$484 thousand during the current fiscal year due primarily to a new note from MEAG for \$1.1 million.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Palmetto's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Palmetto.

Required Components of Annual Financial Report

Basic Financial Statements

The first two statements (pages 18 & 19) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 20-28) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net Position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, community services, and general administration. Property and other types of taxes and licenses and permits finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the electric, water and sewer and sanitation services offered by the City.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palmetto, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Palmetto can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flows in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Palmetto adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - City of Palmetto has three types of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Palmetto uses enterprise funds to account for its electric, water and sewer and sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29-48 of this report.

Government-Wide Financial Analysis
City of Palmetto, Georgia
Statement of Net Position – Primary Government

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 2,487,726	\$ 3,188,540	\$ 5,676,266	\$ 2,267,536	\$ 3,215,322	\$ 5,482,858
Capital Assets - Net	4,276,799	18,883,017	23,159,816	3,683,136	17,069,953	\$ 20,753,089
Total assets	6,764,525	22,071,557	28,836,082	5,950,672	20,285,275	26,235,947
Deferred Outflows	269,951	375,345	645,296	189,755	409,533	\$ 599,288
Total Assets and Deferred Outflows	\$ 7,034,476	\$ 22,446,902	\$ 29,481,378	\$ 4,793,559	\$ 20,694,808	\$ 26,835,235
Long-Term Liabilities	161,052	4,886,065	5,047,117	114,950	4,540,975	\$ 4,655,925
Other Liabilities	159,217	1,732,406	1,891,623	217,429	1,522,170	\$ 1,739,599
Total Liabilities	320,269	6,618,471	6,938,740	332,379	6,063,145	6,395,524
Deferred Inflows	317,964	69,796	387,760	366,232	80,392	\$ 446,624
Total Liabilities and Deferred Inflows	\$ 638,233	\$ 6,688,267	\$ 7,326,500	\$ 698,611	\$ 6,143,537	\$ 6,842,148
Net Investment in Capital Assets	\$ 4,276,799	\$ 14,690,087	\$ 18,966,886	\$ 3,683,136	\$ 12,291,318	\$ 15,974,454
Restricted for:						
Capital Projects	1,162,241	-	1,162,241	1,131,921	-	1,131,921
Trees	174,540	-	174,540	-	-	-
Unrestricted	782,663	1,068,548	1,851,211	626,759	2,259,953	2,886,712
Total Net Position	\$ 6,396,243	\$ 15,758,635	\$ 22,154,878	\$ 5,441,816	\$ 14,551,271	\$ 19,993,087

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Government-Wide Financial Analysis
City of Palmetto, Georgia
Statement of Activities- Primary Government

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 944,857	\$ 6,548,791	\$ 7,493,648	\$ 1,188,930	\$ 6,426,433	\$ 7,615,363
Grants and Contributions	2,191,419	-	2,191,419	2,132,976	-	2,132,976
General Revenues:						
Property Taxes	1,248,395	-	1,248,395	1,203,869	-	1,203,869
Other Taxes	516,188	-	516,188	437,837	-	437,837
Other	16,448	(10,828)	5,620	31,951	13,896	45,847
Total Revenues	4,917,307	6,537,963	11,455,270	4,995,563	6,440,329	11,435,892
Expenses:						
General Government	943,037	-	943,037	927,706	-	927,706
Public Safety	2,278,340	-	2,278,340	2,463,662	-	2,463,662
Street	582,074	-	582,074	490,533	-	490,533
Community Services	159,429	-	159,429	166,765	-	166,765
Interest on Long-Term Debt	-	100,494	100,494	-	170,019	170,019
Electric	-	3,111,581	3,111,581	-	2,949,039	2,949,039
Water and Sewer	-	1,673,256	1,673,256	-	1,582,985	1,582,985
Sanitation	-	237,795	237,795	-	215,678	215,678
Total Expenses	3,962,880	5,123,126	9,086,006	4,048,666	4,917,721	8,966,387
Increase (Decrease) in Net Position Before Transfers and contributions	954,427	1,414,837	2,369,264	946,897	1,522,608	2,469,505
Transfers and Contributions	-	-	-	324,895	(324,895)	-
Increase in Net Position	954,427	1,414,837	2,369,264	1,271,792	1,197,713	2,469,505
Net Position, July 1	5,441,816	14,551,271	19,993,087	4,082,973	13,353,558	17,436,531
Prior Period Adjustment	-	(207,473)	(207,473)	87,051	-	87,051

The largest portion of assets is the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Palmetto uses these capital assets to provide services to citizens and, therefore, these assets are not available for future spending. No portion of the city of Palmetto's net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance of \$1.85 million may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities: Governmental activities increased the City's net position by \$954 thousand.

Business-type activities: Business-type activities increased the City of Palmetto's net position by \$1.41 million before a prior period adjustment of \$207 thousand.

Financial Analysis of the City's Funds

As noted earlier, the City of Palmetto uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Palmetto’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Palmetto’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Palmetto. At the end of the current fiscal year, the Non-spendable fund balance was \$211,569 and the unassigned fund balance was \$427,932. The Confiscated Fund had -\$175 unrestricted fund balance at year end. SPLOST had a restricted balance of \$103,021 while TSPLOST had a restricted balance of \$819,577. At June 30, 2018, the governmental funds of City of Palmetto reported a combined fund balance of \$1.98 million, an increase of 193,751 over the prior year.

General Fund Budgetary Highlights: Overall revenues were below the budgeted amounts and expenditures came in less than budgeted.

Proprietary Funds. The City of Palmetto’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted portion of the net position of the business-like funds at the end of the fiscal year amounted to just over \$1.06 million. This represents decrease of \$1.19 million over the previous year.

Capital Asset and Debt Administration

Capital Assets. The City of Palmetto’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$23.2 million (net of accumulated depreciation). These assets include land, buildings and improvements, utility systems, vehicles and equipment, and infrastructure.

Additional information on the City’s capital assets can be found in Note 5 pages 37 and 45 of the Basic Financial Statements.

City of Palmetto’s Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land	\$ 482,679	\$ 6,667	\$ 489,346
Construction in Progress	-	3,613,077	3,613,077
Buildings and Improvements	3,117,813	404,077	3,521,890
Distribution System	-	22,021,158	22,021,158
Vehicles, Equipment, and Furniture	2,297,044	625,141	2,922,185
Infrastructure	3,037,375	-	3,037,375
Total	\$ 8,934,911	\$ 26,670,120	\$ 35,605,031

Long-term Debt. As of June 30, 2019 the City of Palmetto had long term bonded debt outstanding of \$4.52 million (including the amount due within one year) resulting from the issuance of a Combined Public Utility Refunding Revenue Bond Series 2015 to be repaid by the City commenced January 1, 2015 with the final payment due July 1, 2025. See note 5D on pages 39-40 and a note from MEAG acquired during the fiscal year ended June 30, 2019 with a remaining balance of \$1,08 million.

The City of Palmetto’s total debt increased by \$442,376 during the past fiscal year.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Palmetto is \$15.1 million.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 39-40 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicator reflects the reason for potential growth and prosperity of the City:

- Continued growth in the tax base projected due to proximity of the City of Atlanta once home values stabilize and increase.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Tax revenue is expected to be about \$1.2 million in 2020 which is about \$350,000 more than the actual for 2019. Fines and forfeitures are budgeted to be \$110,000 which is \$10,000 over the actual number received in 2019. Overall governmental revenues are budgeted to increase by \$600,000 over the actual received in 2019. Expenditures overall are budgeted to increase by \$450,000 over the actual expended in 2019.

Business - type Activities: The budget for 2020 for the Electric Fund anticipates revenue of \$5 million which is in about \$500,000 higher than the actual received in 2019. Anticipated expenditures are \$3.5 million which includes about \$460,000 for capital outlay. This is \$1 million more than the actual expended in 2019.

The Water and Sewer Fund is budgeted for total revenues of \$2.6 million, an increase of \$500,000 over actual 2019 revenues. Expenses are budgeted to be \$3 million including debt service requirements of \$1.2 million and capital outlay of \$500,000.

The Sanitation Fund is expected to perform similarly to 2019.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Administrator, City of Palmetto, P.O. Box 190, Palmetto, GA 30268.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	\$ 1,072,694	\$ 1,998,462	\$ 3,071,156
Ad Valorem Taxes Receivable	503,431	-	503,431
Local Option Sales Taxes Receivable	112,146	-	112,146
Alcoholic Beverage Taxes Receivable	6,918	-	6,918
Franchise Taxes Receivable	12,180	-	12,180
Police Fines Receivable	147,006	-	147,006
CDBG Receivable	7,599	-	7,599
Prepaid Assets	179,945	36,674	216,619
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	755,950	755,950
Inventories	31,624	397,454	429,078
Restricted Assets:			
Temporarily Restricted			
Cash	414,183	-	414,183
Total Current Assets	<u>2,487,726</u>	<u>3,188,540</u>	<u>5,676,266</u>
Non-Current Assets:			
Capital Assets Not Being Depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	3,613,077	3,613,077
Capital Assets Being Depreciated			
Capital Assets (net of Accumulated Depreciation)	3,985,619	15,263,273	19,248,892
Total Non-current Assets	<u>4,276,799</u>	<u>18,883,017</u>	<u>23,159,816</u>
Total Assets	<u>6,764,525</u>	<u>22,071,557</u>	<u>28,836,082</u>
Deferred Outflows			
Related to Pensions	269,951	51,848	321,799
Related to Bond Refinancing	-	323,497	323,497
Total Deferred Outflows	<u>269,951</u>	<u>375,345</u>	<u>645,296</u>
Total Assets and Deferred Outflows	<u>7,034,476</u>	<u>22,446,902</u>	<u>29,481,378</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
LIABILITIES			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	65,960	207,134	273,094
Accrued Liabilities and Payroll Taxes	6,458	41,306	47,764
Accrued Sales Taxes Payable	-	90,343	90,343
Accrued Compensated Absences	71,767	15,429	87,196
Utility Deposits	-	580,282	580,282
Inspector Deposit-Developments	11,963	-	11,963
MEAG Note Payable	-	92,211	92,211
Revenue Bonds Payable	-	650,374	650,374
Accrued Bond Interest Payable	-	55,327	55,327
Deposits in Uncleared Cases	3,069	-	3,069
Total Current Liabilities (Payable from Current Assets):	<u>159,217</u>	<u>1,732,406</u>	<u>1,891,623</u>
Noncurrent Liabilities			
Compensated Absences	7,974	1,714	9,688
MEAG Note Payable	-	984,696	984,696
Revenue Bonds Payable	-	3,866,053	3,866,053
Net Pension Liability	153,078	33,602	186,680
Total Noncurrent Liabilities	<u>161,052</u>	<u>4,886,065</u>	<u>5,047,117</u>
Total Liabilities	<u>320,269</u>	<u>6,618,471</u>	<u>6,938,740</u>
DEFERRED INFLOWS			
Deferred Inflows Related to Pensions	317,964	69,796	387,760
Total Liabilities and Deferred Inflows	<u>638,233</u>	<u>6,688,267</u>	<u>7,326,500</u>
NET POSITION			
Net Investment in Capital Assets	4,276,799	14,690,087	18,966,886
Restricted for:			
Capital Projects	1,162,241	-	1,162,241
Trees	174,540	-	174,540
Unrestricted	<u>782,663</u>	<u>1,068,548</u>	<u>1,851,211</u>
Total Net Position	<u>\$ 6,396,243</u>	<u>\$ 15,758,635</u>	<u>\$ 22,154,878</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Functions/Programs							
Primary Government							
Governmental activities:							
General Government	\$ 943,037	\$ 431,412	\$ -	\$ 2,118,925	\$ 1,607,300	\$ -	\$ 1,607,300
Public Safety	2,278,340	129,530	-	-	(2,148,810)	-	(2,148,810)
Street	582,074	364,050	-	72,494	(145,530)	-	(145,530)
Special Services	159,429	19,865	-	-	(139,564)	-	(139,564)
Total governmental activities	<u>3,962,880</u>	<u>944,857</u>	<u>-</u>	<u>2,191,419</u>	<u>(826,604)</u>	<u>-</u>	<u>(826,604)</u>
Business activities:							
Electric Utilities	3,111,581	4,148,874	-	-	-	1,037,293	1,037,293
Water and Sewer Utilities	1,773,750	2,044,011	-	-	-	270,261	270,261
Sanitation Utilities	237,795	355,906	-	-	-	118,111	118,111
Total Business-type Activities	<u>5,123,126</u>	<u>6,548,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,665</u>	<u>1,425,665</u>
Total primary government	<u>\$ 9,086,006</u>	<u>\$ 7,493,648</u>	<u>\$ -</u>	<u>\$ 2,191,419</u>	<u>(826,604)</u>	<u>1,425,665</u>	<u>599,061</u>
General Revenues:							
Ad Valorem Tax					1,179,256	-	1,179,256
Motor Vehicle Tax					69,139	-	69,139
Franchise Tax					91,529	-	91,529
Insurance Premium Tax					320,674	-	320,674
Beer/Wine/Liquor Tax					78,798	-	78,798
Transfer Tax					6,142	-	6,142
Intangible Tax					19,045	-	19,045
Miscellaneous					16,448	(10,828)	5,620
Transfers					-	-	-
Total General Revenues and Transfers					<u>1,781,031</u>	<u>(10,828)</u>	<u>1,770,203</u>
Change in Net Position					954,427	1,414,837	2,369,264
Net Position Beginning					5,441,816	14,551,271	19,993,087
Prior Period Adjustment					-	(207,473)	(207,473)
Net Position Ending					<u>\$ 6,396,243</u>	<u>\$ 15,758,635</u>	<u>\$ 22,154,878</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2019

	General	T SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on Hand and In Banks	\$ 151,581	819,577	\$ 101,536	\$ 1,072,694
LMIG Cash	239,643	-	-	239,643
Tree Bank Cash	174,540	-	-	174,540
Ad Valorem Taxes Receivable	503,431	-	-	503,431
Local Option Sales Taxes Receivable	107,767	-	4,379	112,146
Alcoholic Beverage Taxes Receivable	6,918	-	-	6,918
Franchise Taxes Receivable	12,180	-	-	12,180
Police Fines Receivable	147,006	-	-	147,006
Community Development Grant Receivable	7,599	-	-	7,599
Prepaid Items	179,945	-	-	179,945
Inventories	31,624	-	-	31,624
Total Assets	<u>1,562,234</u>	<u>819,577</u>	<u>105,915</u>	<u>2,487,726</u>
LIABILITIES				
Liabilities:				
Accounts Payable	65,960	-	-	65,960
Accrued Salaries and Taxes Payable	6,458	-	-	6,458
Compensated Time Off	71,767	-	-	71,767
Uncleared Cases	-	-	3,069	3,069
Inspector Deposit - Developments	11,963	-	-	11,963
Total Liabilities	<u>156,148</u>	<u>-</u>	<u>3,069</u>	<u>159,217</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Ad Valorem Tax Revenue	352,402	-	-	352,402
Fund Balance				
Nonspendable				
Prepaid Items	179,945	-	-	179,945
Inventories	31,624	-	-	31,624
Restricted for:				
Capital Projects	239,643	819,577	103,021	1,162,241
Trees	174,540	-	-	174,540
Unassigned	427,932	-	(175)	427,757
Total Fund Balance	<u>1,053,684</u>	<u>819,577</u>	<u>102,846</u>	<u>1,976,107</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,562,234</u>	<u>\$ 819,577</u>	<u>\$ 105,915</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$8,934,931 net of accumulated depreciation of \$4,658,112 are not financial resources and, therefore, are not reported in the funds.				4,276,799
Accrued compensated absences considered long-term do not require the use of current resources and therefore not recorded in the governmental funds.				(7,974)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Net pension liability and related deferred inflows and outflows of resources				(201,091)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.				352,402
Net Position of Governmental Activities				<u>\$ 6,396,243</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	General	T SPLOST	Other Governmental Funds	Total
Revenues:				
Taxes:				
Ad Valorem Tax	\$ 1,094,606	-	-	\$ 1,094,606
Motor Vehicle Tax	69,139	-	-	69,139
Franchise Tax	91,529	-	-	91,529
Insurance Premium Tax	320,674	-	-	320,674
Beer, Wine, Liquor Tax	78,798	-	-	78,798
Transfer Taxes	6,142	-	-	6,142
Intangibles Taxes	19,045	-	-	19,045
Total Taxes	<u>1,679,933</u>	<u>-</u>	<u>-</u>	<u>1,679,933</u>
Licenses and Permits:				
Business Licenses	180,592	-	-	180,592
Building & Other Permits	250,820	-	-	250,820
Total Licenses and Permits	<u>431,412</u>	<u>-</u>	<u>-</u>	<u>431,412</u>
Intergovernmental Revenues:				
Intergovernmental L.O.S.T. Taxes	1,294,084	\$ 777,206	47,635	2,118,925
FEMA Fire Grant	-	-	-	-
LMIG Grant	72,494	-	-	72,494
Total Intergovernmental Revenues	<u>1,366,578</u>	<u>777,206</u>	<u>47,635</u>	<u>2,191,419</u>
Fines, Forfeitures, and Court Technologies :				
Police	129,530	-	-	129,530
Miscellaneous:				
Landfill Tipping Fees	364,050	-	-	364,050
Tree Bank Fees	-	-	-	-
Senior Center Transportation	19,865	-	-	19,865
Community Center and Train Depot	6,475	-	-	6,475
Cemetery Lot Sales	7,000	-	-	7,000
Other Miscellaneous	2,973	-	-	2,973
Total Miscellaneous	<u>400,363</u>	<u>-</u>	<u>-</u>	<u>400,363</u>
Total Revenues	<u>4,007,816</u>	<u>777,206</u>	<u>47,635</u>	<u>4,832,657</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	General	T SPLOST	Other Governmental Funds	Totals
Expenditures:				
Current:				
Administrative	\$ 949,048	\$ -	\$ -	\$ 949,048
Police	1,154,292	-	-	1,154,292
Fire Department	1,042,425	-	1,893	1,044,318
Street	468,560	-	-	468,560
Special Services	32,541	-	-	32,541
Total Current Expenditures	<u>3,646,866</u>	<u>-</u>	<u>1,893</u>	<u>3,648,759</u>
Capital Outlay:				
Administrative	-	-	-	-
Police	43,526	-	2,280	45,806
Fire Department	1,868	-	58,159	60,027
Street	49,404	804,857	-	854,261
Special Services	30,053	-	-	30,053
Total Capital Outlay	<u>124,851</u>	<u>804,857</u>	<u>60,439</u>	<u>990,147</u>
Total Expenditures	<u>3,771,717</u>	<u>804,857</u>	<u>62,332</u>	<u>4,638,906</u>
Excess (Deficit) of Revenues Over Expenditures Before	<u>236,099</u>	<u>(27,651)</u>	<u>(14,697)</u>	<u>193,751</u>
Net Change in Fund Balance	236,099	(27,651)	(14,697)	193,751
Fund Balance Beginning	<u>817,585</u>	<u>847,228</u>	<u>117,543</u>	<u>1,782,356</u>
Fund Balance Ending	<u>\$ 1,053,684</u>	<u>\$ 819,577</u>	<u>\$ 102,846</u>	<u>\$ 1,976,107</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Net change in fund balances - total governmental funds:	\$ 193,751
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$984,262 exceeded depreciation expense of \$390,599.	593,663
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(7,974)
Change in net pension liability and related deferred inflows and outflows of resources	90,335
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds;	
Deferred ad valorem taxes.	84,650
Rounding	2
Change in Net Position of Government Activities	\$ 954,427

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2019

Revised

	Budget		Actual	Variance- Positive (Negative)
	Original	Revised		
Revenues:				
Taxes	\$ 2,761,500	\$ 2,761,500	1,679,933	\$ (1,081,567)
Licenses and Permits	915,500	915,500	431,412	(484,088)
Intergovernmental Revenues	2,040,000	2,040,000	1,366,578	(673,422)
Fines and Forfeitures	110,000	110,000	129,530	19,530
Special Services	39,450	39,450	26,340	(13,110)
Miscellaneous Revenue	518,100	518,100	374,023	(144,077)
Total Revenues	<u>6,384,550</u>	<u>6,384,550</u>	<u>4,007,816</u>	<u>(2,376,734)</u>
Expenditures:				
Administrative	1,908,522	1,908,522	949,048	959,474
Police Department	1,466,739	1,466,739	1,154,292	312,447
Fire/Emergency Medical Department	1,012,008	1,012,008	1,042,425	(30,417)
Street Department	408,736	408,736	468,560	(59,824)
Special Services	101,200	101,200	32,541	68,659
Capital Outlay	1,356,820	1,356,820	124,851	1,231,969
Total Expenditures	<u>6,254,025</u>	<u>6,254,025</u>	<u>3,771,717</u>	<u>2,482,308</u>
Excess (Deficiency) of Revenues over Expenditures	130,525	130,525	236,099	105,574
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Net Change in Fund Balance	130,525	130,525	236,099	105,574
Fund Balance at Beginning of Year	<u>817,585</u>	<u>817,585</u>	<u>817,585</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 948,110</u>	<u>\$ 948,110</u>	<u>\$ 1,053,684</u>	<u>\$ 105,574</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2019

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	\$ 1,434,519	\$ 29,499	\$ 534,444	\$ 1,998,462
Prepaid Expenses	16,169	20,505	-	36,674
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	556,902	135,808	63,240	755,950
Inventories	366,164	31,290	-	397,454
Total Current Assets	<u>2,373,754</u>	<u>217,102</u>	<u>597,684</u>	<u>3,188,540</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	3,613,077	-	3,613,077
Capital Assets Being Depreciated:				
Buildings	66,032	1,850	-	67,882
Utility Distribution System	3,361,337	18,659,821	-	22,021,158
Water Tanks	-	336,195	-	336,195
Machinery, Vehicles, and Equipment	338,956	286,185	-	625,141
Total	<u>3,772,992</u>	<u>22,897,128</u>	<u>-</u>	<u>26,670,120</u>
Less: Accumulated Depreciation	<u>(1,513,530)</u>	<u>(6,273,573)</u>	<u>-</u>	<u>(7,787,103)</u>
Total Capital Assets	<u>2,259,462</u>	<u>16,623,555</u>	<u>-</u>	<u>18,883,017</u>
Total Noncurrent Assets	<u>2,259,462</u>	<u>16,623,555</u>	<u>-</u>	<u>18,883,017</u>
Total Assets	<u>4,633,216</u>	<u>16,840,657</u>	<u>597,684</u>	<u>22,071,557</u>
Deferred Outflows				
Related to Pension	25,924	25,924	-	51,848
Related to Bond Refinancing	-	323,497	-	323,497
Total Deferred Outflows	<u>25,924</u>	<u>349,421</u>	<u>-</u>	<u>375,345</u>
Total Assets and Deferred Outflows	<u>4,659,140</u>	<u>17,190,078</u>	<u>597,684</u>	<u>22,446,902</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	207,134	-	-	207,134
Accrued Payroll and Payroll Taxes	12,841	28,465	-	41,306
Sales Tax Payable	90,343	-	-	90,343
Accrued Compensated Absences	9,210	6,219	-	15,429
Utility Deposits	536,777	42,780	725	580,282
MEAG Note Payable	92,211	-	-	92,211
Revenue Bonds Payable	-	650,374	-	650,374
Total Current Liabilities (Payable from Current Assets):	<u>948,516</u>	<u>727,838</u>	<u>725</u>	<u>1,677,079</u>
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	55,327	-	55,327
Total Current Liabilities (Payable from Restricted Assets)	<u>-</u>	<u>55,327</u>	<u>-</u>	<u>55,327</u>
Total Current Liabilities	<u>948,516</u>	<u>783,165</u>	<u>725</u>	<u>1,732,406</u>
Noncurrent Liabilities				
Compensated Absences	1,023	691	-	1,714
MEAG Note Payable	984,696	-	-	984,696
Revenue Bonds Payable	-	3,866,053	-	3,866,053
Net Pension Liability	16,801	16,801	-	33,602
Total Non-Current Liabilities	<u>1,002,520</u>	<u>3,883,545</u>	<u>-</u>	<u>4,886,065</u>
Total Liabilities	<u>1,951,036</u>	<u>4,666,710</u>	<u>725</u>	<u>6,618,471</u>
Deferred Inflow Related to Pension	34,898	34,898	-	69,796
Total Liabilities and Deferred Inflows	<u>1,985,934</u>	<u>4,701,608</u>	<u>725</u>	<u>6,688,267</u>
NET POSITION				
Net Investment in Capital Assets	2,259,462	12,430,625	-	14,690,087
Unrestricted	413,744	57,845	596,959	1,068,548
Total Net Position	<u>2,673,206</u>	<u>\$ 12,488,470</u>	<u>596,959</u>	<u>\$ 15,758,635</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	\$ 3,942,420	\$ 1,991,349	\$ -	\$ 5,933,769
Sanitation Charges	-	-	340,326	340,326
Penalties	98,616	51,587	9,133	159,336
Service, Cut on, and Permit Fees	45,705	-	-	45,705
Miscellaneous	62,133	1,075	6,447	69,655
Total Operating Revenue	<u>4,148,874</u>	<u>2,044,011</u>	<u>355,906</u>	<u>6,548,791</u>
Operating Expenses:				
Purchase of Utilities	2,573,954	19,289	-	2,593,243
Sewer Treatment	-	519,870	-	519,870
Salaries	140,047	197,420	-	337,467
Payroll Taxes	10,303	14,412	-	24,715
Retirement	5,701	5,701	-	11,402
Insurance (Group)	50,104	70,515	-	120,619
Training	7,307	4,283	-	11,590
Uniforms	4,166	4,291	-	8,457
Insurance - Vehicles and Equipment	4,104	3,259	-	7,363
Insurance - Other	10,026	18,313	-	28,339
Georgia Public Web	1,848	-	-	1,848
Professional Fees	35,247	121,203	-	156,450
Miscellaneous Administrative Expenses	5,719	7,618	-	13,337
Office Supplies	1,241	1,169	-	2,410
Depreciation Expense	89,640	430,389	-	520,029
Contracted Services	-	-	237,795	237,795
Repairs and Maintenance:				
Buildings	305	92	-	397
Distribution System	54,651	116,740	-	171,391
Equipment	2,114	10,193	-	12,307
Vehicles	26,145	5,679	-	31,824
Gas and Oil	3,942	5,471	-	9,413
Supplies	56,398	96,250	-	152,648
Equipment Rental	-	880	-	880
Telephone	3,265	10,971	-	14,236
Utilities	1,634	3,424	-	5,058
Bad Debts	-	-	-	-
Miscellaneous Operating Expense	23,720	5,824	-	29,544
Total Operating Expenses	<u>3,111,581</u>	<u>1,673,256</u>	<u>237,795</u>	<u>5,022,632</u>
Operating Income	<u>1,037,293</u>	<u>370,755</u>	<u>118,111</u>	<u>1,526,159</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Interest to MEAG	\$ (10,828)	\$ -	\$ -	\$ (10,828)
Bond Interest	-	(100,494)	-	(100,494)
Total Nonoperating Revenues (Expenses)	<u>(10,828)</u>	<u>(100,494)</u>	<u>-</u>	<u>(111,322)</u>
Transfers In (Out)	<u>(1,500,000)</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	(473,535)	1,770,261	118,111	1,414,837
Net Position, Beginning of Year	3,354,214	10,718,209	478,848	14,551,271
Prior Period Adjustment	<u>(207,473)</u>	<u>-</u>	<u>-</u>	<u>(207,473)</u>
Net Position, End of Year	<u>\$ 2,673,206</u>	<u>\$ 12,488,470</u>	<u>\$ 596,959</u>	<u>\$ 15,758,635</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	\$ 4,147,116	\$ 2,115,838	\$ 353,720	\$ 6,616,674
Payments to Providers	(2,936,359)	(1,146,606)	(257,218)	(4,340,183)
Payments to Employees	(140,047)	(197,420)	-	(337,467)
Net Cash Provided by (Used in) Operating Activities	<u>1,070,710</u>	<u>771,812</u>	<u>96,502</u>	<u>1,939,024</u>
Cash Flows from Non-Capital Financing Activities:				
Transferred from (to) Other Funds	(1,500,000)	1,500,000	-	-
Net Cash Flows from Non-Capital Financing Activities:	<u>(1,500,000)</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(700,112)	(1,584,158)	-	(2,284,270)
Loan received from MEAG	1,100,000	-	-	1,100,000
Principal Paid on MEAG Loan	(23,093)	-	-	(23,093)
Interest Paid to MEAG	(10,828)	-	-	(10,828)
Principal Paid on Bond Indebtedness	-	(634,531)	-	(634,531)
Interest Paid on Bond Indebtedness	-	(100,494)	-	(100,494)
Net Cash Flows from Capital and Related Financing Activities	<u>365,967</u>	<u>(2,319,183)</u>	<u>-</u>	<u>(1,953,216)</u>
Net Increase (Decrease) in Cash	(63,323)	(47,371)	96,502	(14,192)
Cash at Beginning of Year	1,497,842	76,870	437,942	2,012,654
Cash at End of Year	<u>\$ 1,434,519</u>	<u>\$ 29,499</u>	<u>\$ 534,444</u>	<u>\$ 1,998,462</u>
Classified As:				
Cash on Hand and in Banks	1,434,519	29,499	534,444	1,998,462
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	<u>1,037,293</u>	<u>370,755</u>	<u>118,111</u>	<u>1,526,159</u>
Adjustments Not Affecting Cash:				
Depreciation and Amortization	89,640	430,389	-	520,029
(Increase) Decrease in Accounts Receivable	(53,760)	65,224	(2,056)	9,408
(Increase) Decrease in Inventory	(6,583)	5,851	-	(732)
(Increase) Decrease in Prepaid Expenses	(1,205)	5,119	-	3,914
(Increase) Decrease in Deferred Outflow of Resources	(7,319)	(7,319)	-	(14,638)
Increase (Decrease) in Accounts Payable	(16,261)	(99,723)	(19,423)	(135,407)
Increase (Decrease) in Accrued Liabilities	(23,100)	(5,090)	-	(28,190)
Increase (Decrease) in Utility Deposits	52,002	6,603	(130)	58,475
Increase(Decrease) in Deferred Inflows of Resources	(5,298)	(5,298)	-	(10,596)
Increase(Decrease) in Net Pension Liability	5,301	5,301	-	10,602
Total Adjustments	<u>33,417</u>	<u>401,057</u>	<u>(21,609)</u>	<u>412,865</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,070,710</u>	<u>\$ 771,812</u>	<u>\$ 96,502</u>	<u>\$ 1,939,024</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

(1) Scope of Reporting Entity

The City of Palmetto was incorporated on February 18, 1854, under the provisions of an Act of the General Assembly of Georgia. The City operates under the Mayor and Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, electricity, water and sewer, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City considered all potential component units for inclusion in these financial statements because of significant operational or financial relationships, as required by accounting principles generally accepted in the United States of America. For the year ended June 30, 2019, the City has no component units.

(2) Summary of Significant Accounting Policies

The accounting policies of The City of Palmetto conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. The effect of inter-fund activity, within the governmental and business-type activities columns have not been eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expense are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

All governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, charges for services and investment income associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue. Fines, permits and fees revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed, or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The government reports the following major proprietary funds:

The **Electric Fund** accounts for the activities of the City's electric distributions operations.

The **Water and Sewer Fund** accounts for the activities of the City's water and sewer services.

The **Sanitation Fund** accounts for the activities of the City's sanitation services.

Amounts reported as program revenues include 1) Charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations of the proprietary fund. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The investments of the City consist of bank certificates of deposit and are stated at cost which is equal to fair value. Accrued interest receivable on these investments is shown separately.

2. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

The tax digest for the calendar year is compiled by Fulton and Coweta County and is presented to the City by the first of September. The digest is reviewed by the City and tax bills are mailed by November 1st of each year and due on or before December 31st. The City may place liens for any and all debts after the due date.

3. Inventories and Prepaid Items

Inventories of supplies and materials are valued at cost using the first-in, first-out method of accounting. Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current position. The consumption method is used to account for inventories within the governmental funds and proprietary funds.

Prepaid items are amortized over their useful lives, generally one year. The current balance represents insurance costs paid for the year ended June 30, 2019. Reported prepaid items in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The City uses the purchases method to account for prepaid items in governmental funds.

It is the City's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial,

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	30
Building Improvements	15
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5
Furniture	10
Water Distribution System	50
Infrastructure	30

5. Compensated Absences

The City provides vacation and sick leave benefits to all eligible employees and permits an accumulation of a maximum of twenty (200) hours of vacation. The City, however, does not recognize unused sick pay as a liability, because it does not meet the criteria for accrual. The cost of vacation and sick pay benefits exercised during the current year has been included in the expenditures/expenses of the statements. Provision has been made for accumulated (accrued) vacation-pay benefits and it is included in the Government-wide Statement of Net Position. The liability for compensated vacation benefits city-wide was \$96,884 compared to \$117,222 in the previous year which represents a decrease of \$20,338. The short-term portion for the governmental funds is included in the Balance Sheet for Governmental Funds.

6. Long-term Obligations

In the Government-wide financial statements and proprietary fund types in the fund financial statements long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. As of June 30, 2019 the City had outstanding bonds of \$4,516,427 resulting from the issuance of a Combined Utility Revenue Refunding Bond, Series 2014 on August 18, 2014. In addition, the City has a note payable to MEAG, the terms of which are contained in note 5 (D).

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

7. Fund Equity

Fund Balances:

- Non-spendable - The following fund balances are non-spendable because they are allocated to:

<u>General Fund</u>	
Prepaid Items	\$ 179,945
Inventories	31,624
Total	<u>\$ 211,569</u>

- Restricted - The following fund balances are restricted for:

<u>General Fund</u>	
Capital Projects	\$ 239,643
Trees	\$ 174,540
<u>T SPLOST</u>	
Capital Projects	\$ 819,577
<u>SPLOST Fund</u>	
Capital Projects	103,021
Total	<u>\$ 1,336,781</u>

- Unassigned – The following fund balances are unassigned:

<u>General Fund</u>	
Unassigned	\$ 427,932
<u>Confiscated Fund</u>	
Unassigned	(175)
	<u>\$ 427,757</u>

The City considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in unrestricted fund balance classifications could be used. The City Council is authorized to assign amounts to a specific purpose. The City does not have a policy for assigning amounts.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

(3) Reconciliation of Government-wide and Fund Financial Statements.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$	984,262
Depreciation expense		(390,599)
Net adjustment to increase changes in fund balances total government funds to arrive at changes in net position of governmental activities		593,663

Another element of that reconciliation states “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The detail of this difference is as follows:

Deferred ad valorem taxes-current year	\$	84,650
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Another element states “Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The detail of this difference is as follows:

Change in net pension liability and related deferred inflows and outflows of resources		
Net pension liability - prior	104,776	
Net pension liability - current	(153,078)	(48,302)
Deferred outflows prior	(189,755)	
Deferred outflows current	269,951	80,196
Deferred inflows prior	366,232	
Deferred inflows current	(317,964)	48,268
	\$	80,162

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

(4) Stewardship, Compliance, and Accountability

A. Budgetary Information

The City of Palmetto is legally required to adopt annual budgets for all funds. Budgets are presented by the City Administrator prior to June 1 for the fiscal year commencing the following July 1. Budgets for the General and Special Revenue Funds are prepared using the modified accrual basis of accounting, while budgets for the Enterprise Funds are prepared on the accrual basis. Public hearings are conducted to obtain taxpayer comments. The budgets are then legally enacted through passage of an ordinance by the City Council. The government's department heads may make transfers of appropriations within departmental accounts of a specific fund. Transfers of appropriations between departments require the approval of the council. The approval of City Council is also necessary for budget revisions over \$5,000 which alter the total expenditures of any fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for debt service monies because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgeted amounts are as originally adopted, or as amended by the City Council. All appropriations lapse at the end of the fiscal year on June 30.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Palmetto because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

(5) Detailed Notes on All Funds

A. Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash" and "Investments" under each fund's caption. Except for bond related transactions, the City conducts all its banking and investment transactions with its depository bank. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and other short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the proprietary fund statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's deposits at year end were carrying an amount of \$3,485,339 and a bank balance of \$3,500,048. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,250,048 was covered by collateral held in the pledging bank's trust department in the City's name. There were no deposits uninsured or uncollateralized at June 30, 2019.

State statutes require all deposits to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities authorized by the state. State statutes allow investments

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

in obligations of the U.S. Government and its agencies, bonds and certificates of indebtedness of the state of Georgia and its agencies, and certificates of deposits of banks and savings and loan associations which have their deposits insured.

In accordance with the City's Cash and Investment Policies, safety of principal is the foremost objective of the investment program. As a result, credit risk and investment risk are aggressively mitigated. To the extent possible, the City shall attempt to match investments with anticipated cash flow requirements.

<u>Banks</u>	<u>Fair Value</u>	<u>Investment</u>
Ninety days or less	\$ 3,485,339	100.00%

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to.

As a means of limiting exposure to credit risk, the risk of loss due to failure of the security issuer or backer, the City limits investments to obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government and those deposit-type items which can be collateralized at 110% of the face value. Accordingly, \$65,454 is currently invested in PNC Bank Money Market accounts, which are fully insured or collateralized. Since these have a maturity of ninety days or less, they are considered to be a cash equivalent. Custodial credit risk is the risk associated with unsecured deposits, uninsured securities, or securities not registered in the City's name, and is managed in accordance with the City's policy through a safekeeping agreement with an external party. All investments as of June 30, 2019 were held in the City's name by the contracted custodial agent, with the exception of the certificates of deposits which were held by the City in the City's name.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, the City reduces exposure to interest rate risk. Interest rate risk, the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates is also managed through the City's objective to hold investments until maturity, meaning the yield received is greater than funds that are not invested due to an anticipated improvement of economic conditions. Additionally, interest rate risk is substantially reduced through investing totally in only short term money market accounts.

B. Receivables

Most revenues of the governmental funds are considered "measurable" only when in the hands of the collecting agency and are recorded as revenue when received except for the following items for which receivables have been recorded:

1. Property taxes collected within 60 days after the end of the fiscal year.
2. Local option sales taxes received from the State of Georgia in July.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

3. Amounts due from the State of Georgia Department of Transportation for work contracted by them and completed as of June 30.
4. Other miscellaneous receivables recorded for grants and certain other revenue which were received in July.

The City provides electric service, water and sewer service and sanitation (garbage) service to residents on a user charge basis. Billings are made monthly and include all three services (if applicable). Utility accounts receivable include all billed services rendered. The allowance for uncollectible accounts on each of the utilities is determined based upon current experience of collections. As of June 30, 2019 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	\$723,254	\$166,352	\$556,902
Water & Sewer	320,914	185,106	135,808
Sanitation	112,845	49,605	63,240
Total	\$1,157,013	\$401,063	\$755,950

C. Capital Assets

Governmental activities as of June 30, 2019:

Asset Class	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
<u>Capital assets not being depreciated:</u>				
Land	\$ 482,679	\$ -	\$ -	\$ 482,679
<u>Capital assets being depreciated:</u>				
Building	3,117,813	-	-	3,117,813
Furniture	106,442	6,878	-	113,320
Machinery, Equipment, & Vehicles	2,027,275	156,449	-	2,183,724
Infrastructure	2,216,440	820,935	-	3,037,375
Total capital assets being depreciated	7,467,970	984,262	-	8,452,232
Less accumulated depreciation for:				
Buildings	1,835,857	150,526	-	1,986,383
Furniture	93,716	3,721	-	97,437
Machinery, Equipment, & Vehicles	1,543,884	128,863	-	1,672,747
Infrastructure	794,056	107,489	-	901,545
Total accumulated depreciation	4,267,513	390,599	-	4,658,112
Total capital assets being depreciated, net	3,200,457	593,663	-	3,794,120
Government activities capital assets, net	\$ 3,683,136	\$ 593,663	\$ -	\$ 4,276,799

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

Business Funds	Asset Class	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
<u>Capital assets not being depreciated:</u>					
	Land	\$ 6,667	\$ -	\$ -	\$ 6,667
	Construction In Progress	3,229,891	383,186	-	3,613,077
	Total capital assets not being depreciated	3,236,558	383,186	-	3,619,744
<u>Capital assets being depreciated:</u>					
	Buildings	67,882	-	-	67,882
	Machinery, Vehicles, and Equipment	535,733	89,408	-	625,141
	Water Tanks	314,453	21,742	-	336,195
	Distribution System	20,182,401	1,838,757	-	22,021,158
	Total capital assets being depreciated	21,100,469	1,949,907	-	23,050,376
<u>Less accumulated depreciation for:</u>					
	Buildings	58,838	2,393	-	61,231
	Machinery, Vehicles, and Equipment	421,517	33,382	-	454,899
	Water Tanks	194,174	1,487	-	195,661
	Distribution system	6,588,498	486,814	-	7,075,312
	Total accumulated depreciation	7,263,027	524,076	-	7,787,103
	Total capital assets being depreciated, net	13,837,442	1,425,831	-	15,263,273
	Business type activities capital assets, net	\$ 17,074,000	\$ 1,809,017	\$ -	\$ 18,883,017

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
Administration	\$ 14,340
Police	83,029
Fire	49,607
Streets	117,698
Special Services	125,925
Total depreciation expense-governmental activities	390,599
Business-type activities:	
Electric	89,640
Water and Sewer	430,389
Total depreciation expense-business-type activities	\$ 520,029

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2019:

	Water & Sewer Revenue
Bonds Payable July 1, 2018	\$ 5,150,958
Bonds Issued	-
Bonds Retired	(634,531)
Bonds Payable June 30, 2019	\$ 4,516,427

On August 27, 2014, the City of Palmetto issued a Combined Utility Revenue Refunding Bond, Series 2014 amounting to \$7,280,757 of long term debt. The Series 2014 Bonds were issued for the purpose of an advanced refinancing of the Combined Utility Revenue Bonds Series 2005.

Bonds Payable at June 30, 2019 are comprised of the following:

- \$7,280,757 Series 2014, Combined Utility Revenue Refunding Bonds due in annual installments of \$650,374 to \$733,893 through July 1, 2025; interest at 2.45%. The first line on the table below indicates the amounts due within one year.

For Year Ending	Water & Sewer System Principal	Water & Sewer System Interest	Water & Sewer System Total
2020	650,374	106,710	757,084
2021	665,405	90,695	756,100
2022	682,031	74,288	756,319
2023	697,953	57,478	755,431
2024	715,328	40,283	755,611
2025	733,893	22,640	756,533
2026	371,443	4,550	375,993
Total	\$ 4,516,427	\$ 396,644	\$ 4,537,078

The net carrying amount of the Series 2005 bonds was \$6,294,502, and the 2005 Series is considered defeased and therefore not recorded on the financial statements. The refunding resulted in an economic gain of \$262,595. The reacquisition price was greater than the net carrying amount on the financial statements resulting in a deferred outflow on refunding debt of \$534,817. This deferred outflow will be allocated in a systematic and rational manner over the life of the new loan as a component of interest expense as follows:

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

Pmt Date	Principal Payment	Actual New Debt	Deferred Refunding	Net New Debt	Effective Interest	Stated Interest	Deferred Refunding Amortization
7/1/2019	321,923	4,194,504	323,497	3,871,007	80,151	55,327	24,824
1/1/2020	328,451	3,866,053	298,673	3,567,380	76,714	51,383	25,331
7/1/2020	328,450	3,537,603	273,341	3,264,262	72,733	47,359	25,374
1/1/2021	336,955	3,200,648	247,967	2,952,681	69,372	43,336	26,036
7/1/2021	336,955	2,863,693	221,931	2,641,762	65,313	39,208	26,105
1/1/2022	345,076	2,518,617	195,826	2,322,791	61,823	35,080	26,743
7/1/2022	345,075	2,173,542	169,083	2,004,459	57,683	30,853	26,830
1/1/2023	352,878	1,820,664	142,253	1,678,411	54,076	26,625	27,451
7/1/2023	352,877	1,467,787	114,802	1,352,985	49,874	22,303	27,571
1/1/2024	362,451	1,105,336	87,231	1,018,105	46,329	17,980	28,349
7/1/2024	362,450	742,886	58,882	684,004	42,144	13,540	28,604
1/1/2025	371,443	371,443	30,278	341,165	38,541	9,100	29,441
7/1/2025	371,443	-	837	(837)	5,387	4,550	837
	<u>4,516,427</u>				<u>720,140</u>	<u>396,644</u>	<u>323,496</u>

The amount of deferred outflows recognized during the year was \$48,827.

On March 6, 2019 the City obtain a loan of \$1,100,000 at 3.99% interest through the Municipal Electric Authority of Georgia (MEAG Power). Below is the repayment schedule:

Fiscal Year Ended	Principal	Interest	Total
June 30,			
2020	92,211	41,298	133,509
2021	95,959	37,550	133,509
2022	99,858	33,651	133,509
2023	103,916	29,593	133,509
2024	108,139	25,370	133,509
2025-2029	576,902	56,781	633,683
Total	<u>1,076,907</u>	<u>224,243</u>	<u>1,301,150</u>

The following is a summary of compensated absences for governmental activities of the City for the year ended June 30, 2019:

<u>Compensated Absences</u>	<u>Governmental Activities</u>
Compensated Absences July 1, 2018	\$ 101,739
Absences Accrued	71,050
Absences (Used)	(93,048)
Compensated Absences Payable June 30, 2019	<u>\$ 79,741</u>
Due Within One Year	<u>\$ 71,767</u>

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

The following is a summary of compensated absences for business-type activities of the City for the year ended June 30, 2019:

<u>Compensated Absences</u>	<u>Business-Type Activities</u>
Compensated Absences July 1, 2018	\$ 15,483
Absences Accrued	11,410
Absences (Used)	<u>(9,750)</u>
Compensated Absences Payable June 30, 2019	<u>\$ 17,143</u>
Due Within One Year	<u>\$ 15,429</u>

The City has liquidated other long-term liabilities (such as compensated absences and pension liabilities) within the General Fund in prior years.

E. Transfers

During the year the City transferred money between funds. The Electric Fund transferred \$1,500,000 to the Water and Sewer Fund for the purpose of overcoming a cash deficiency.

(6) **Retirement Plan**

Plan Description. The City's defined benefit pension plan, Palmetto Employees' Pension Plan (PEPP), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PEPP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a state wide, agent multiple-employer pension plan administered by the Georgia Municipal Association. GMEBS handles all administrative and investment functions relative to the plan. All full time City employees and City Officials are eligible to participate in the system.

Plan Benefits. Benefits vest after ten years of service for employees, immediate vesting for officials. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 55, depending on the classification. Benefits are calculated at 1.25% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. City Officials receive a lifetime benefit at age 65 of \$40 per month for each year of service to the City. There is no waiting period to become eligible to participate in the plan for City Officials. Regulations of the State of Georgia assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for PEPP, the authority rests with the City Council of Palmetto.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

Employees Covered by Benefit Term. At the September 30, 2018 valuation date the following employees were covered by the benefit terms:

Active participants	59
Inactive vested participants	22
Retired participants and beneficiary	28
Total covered by plan	109

Funding Policy. The City’s plan is non-contributory, under this plan and the City’s policy is to contribute 100% of an actuarially determined rate; the current rate is 7.61% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the GMEBS Board of Trustees.

Net Pension Liability. The City’s net pension liability was measured as of September 30, 2018 which makes them applicable to the Fiscal Year beginning July 1, 2018 and ending June 30, 2019.

Plan Changes and Assumptions.

- There were no changes in plan features since the last valuation.
- Employees are able to participate immediately.
- The salary increases range from 3.75% to 8.75% and include an inflation rate of 2.75%.
- The projection of cash flows used to determine the discount rate assumes a 2.75% inflation rate, a social security wage base increase of 3.25%, a cost of living adjustment of 3%, and administrative expenses of \$4,000 plus \$48 per participant, \$60 per retiree and beneficiary plus 0.06% of the market value of assets.
- *Discount Rate.* The discount rate to measure the total pension liability was 7.50% for 2019 and will be on an ongoing basis. The rate was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate of the ongoing basis is a margin for adverse deviation. Best Estimates of arithmetic real rates of return for each major asset class included in the pensions plan’s target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	6.40%
International Equity	20.00%	7.40%
Fixed Income Domestic	20.00%	1.75%
Real Estate	10.00%	5.10%
Fixed Income Global	5.00%	3.03%
Cash	0.00%	
Total	100.00%	

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

- The mortality and economic actuarial assumptions used in the January 1, 2019 valuation were based upon the results of an actuarial experience for the period January 1, 2010 to June 30, 2019 conducted by the actuarial company. There were no *ad hoc* postemployment benefit changes.

Healthy: RP-2000 Combined Healthy Table with sex-distinct rates, set forward two years for males and one year for females

Disabled: RP-2000 Disabled Retiree Mortality Table with sex-distinct rates

Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table

Changes in Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2017	\$ 3,503,413	\$ 3,375,637	\$ 127,776
Changes for the year:			
Service cost	117,367	-	\$ 117,367
Interest	264,342	-	\$ 264,342
Difference between expected and actual experience	145,237	-	\$ 145,237
Contributions - employer	-	147,272	\$ (147,272)
Contributions - employee	-	-	\$ -
Net investment income	-	332,975	\$ (332,975)
Benefit payments. Including refunds of employee contributions	(192,450)	(192,450)	\$ -
Administrative expense	-	(12,203)	\$ 12,203
Other	-	-	\$ 2
Net changes	334,496	275,594	58,904
Balances at September 30, 2018	\$ 3,837,909	\$ 3,651,231	\$ 186,680

Sensitivity of Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one per cent lower than the current rate and also one per cent higher than the current rate.

	Current Discount		
	1% Decrease 6.50%	Rate 7.50%	1% Increase 8.50%
City's Net Pension Liability	\$ 654,878	\$ 186,680	\$ (206,192)

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.
 For the year ended June 30, 2019 the City recognized pension expense of \$74,899. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to, pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,755	\$ (191,323)
Changes in assumptions	33,774	-
Net difference between projected and actual earnings on pension plan investments	-	(196,437)
Employer contributions subsequent to the measurement date of the net pension liability	154,270	-
Total	\$ 321,799	\$ (387,760)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	(66,440)
2021	(118,254)
2022	(48,294)
2023	12,656
2024	NA
2025 and Thereafter	NA

The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing or calling:

Georgia Municipal Association
 Risk Management and Employee Benefit Services
 201 Pryor Street, SW
 Atlanta, Georgia 30303
 (404) 688-0472 www.gmanet.com

(7) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is a member of the Georgia Interlocal Risk Management Agency, which allows the City to share liability, crime, motor vehicle and property damage risks. The City did not experience any significant reductions in insurance coverage from the

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

prior year. The City has also not experienced any settlements which exceeded insurance coverage for the past three fiscal years. The coverage is as follows:

COVERAGES DESCRIPTION - PROPERTY:	
Buildings and Contents	\$10,165,855
Mobile Equipment	522,913
Automobile Physical Damage	Per application on file with GIRMA
COVERAGES DESCRIPTION - CASUALTY:	
Comprehensive General Liability and Law Enforcement Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions (Public Officials) Liability	1,000,000
Employee Benefits Liability	1,000,000
Pollution Liability	1,000,000
COVERAGES DESCRIPTION - CRIME:	
Blanket Bond	500,000
Depositors Forgery	500,000
Computer Crime	500,000
Money and Securities - Loss Inside and Outside the Premises	500,000
DEDUCTIBLE:	
All coverages are subject to a per occurrence deductible of	1,000
COVERAGES SUBJECT TO A RETROACTIVE DATE:	
<i>(Unless stated otherwise in the Coverage Exceptions)</i>	
Public Officials Liability	1/1/1990
Employee Benefits Liability	1/1/1990
Pollution Liability	5/1/1998

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Palmetto must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

- To assist and cooperate with GIRMA, or its authorized representatives, in defense and settlement of claims against the City.
- To use due diligence and concur in doing all things reasonable practicable to avoid or diminish any loss of or damage to the property herein covered.
- To allow GIRMA, or their duly authorized representatives, reasonable access to inspect the premises and to examine the books or records so far as they relate to coverage provided by GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Palmetto retains the first \$1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$1,000 deductible.

The City is not aware of any claims which the City is liable for (up to the \$1,000) which were outstanding and unpaid at June 30, 2019. No provisions have been made in the financial statements for the year ended June 30, 2019 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Palmetto became a member of the Georgia Municipal Workers' Compensation Self Insurance Fund (GMWCSIF). The liability of the fund to the employees of any employer (City of Palmetto) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. GMWCSIF is to defend and process claims in accordance with the member government contract.

The responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GMWCSIF at such times and in such amounts as shall be established by GMWCSIF.
- To assist and cooperate with GMWCSIF, or its authorized representatives, in defense and settlement of workers compensation claims against the City.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Palmetto also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

(8) Regional Development Center Membership

The City of Palmetto, Georgia, in conjunction with cities and counties in the nine (9) county Atlanta Metropolitan area are members of the Atlanta Regional Commission (ARC). Membership in a regional development center (RDC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid no annual dues to the ARC for the year ended June 30, 2019 because currently all dues are paid on the City's behalf by Fulton County. An RDC Board membership includes the chief elected official of each county and a rotating chief elected official of each municipality from South Fulton. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentality's of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Separate financial statements may be obtained from:

Atlanta Regional Commission (ARC)
40 Courtland Street, NE
Atlanta, GA 30303

(9) Contingencies

A. Litigation

The City Attorney has advised that there are no pending or threatened litigation or potential claims against the City as of February 11, 2021

B. Contingencies

The City has participated in a number of grant programs funded by certain Federal and State agencies. Several of these programs are subject to program compliance audits and reviews by the grantor, some of which have not been concluded. Accordingly, the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts to be immaterial based upon previous experience.

The City has entered into contracts with the Municipal Electric Authority of Georgia (the "Authority") which requires the City to purchase, from the Authority, all of the City's bulk power supply, other than power supplied

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

by Federally-owned generation projects. These contracts contain certain minimum purchase requirements regardless of the City's ability to sell its allocation, through the year 2020. The minimum purchase requirements are based upon the Authority's system output.

(10) Related Organizations

A. South Fulton Municipal Water and Sewer Authority

The South Fulton Municipal Water and Sewer Authority was formed on March 13, 2001 by resolutions of the City of Union City, the City of Fairburn, and the City of Palmetto pursuant to the authority of the General Assembly of the State of Georgia, Act 540 Georgia Law 2000 page 3739 and following and as may be thereafter amended. The Authority is governed by a Board of seven directors, three of whom are the chief elected official of each member city, three of whom are appointed one each by each of the member cities, and one director being appointed by members of the local delegation of the Georgia General Assembly who represent all, or any part of, a member city.

The Authority is a special purpose governmental entity engaged in business-like activities. The purpose of the authority is to acquire and develop adequate sources of water supply, including, but not limited to, the construction of reservoirs, the treatment of such water, and the collection and treatment of waste water. The Authority will provide these services to the area in and around the three municipalities.

B. The Housing Authority of the City of Palmetto, Georgia

The Housing Authority of the City of Palmetto, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Palmetto, Georgia. The City of Palmetto, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Palmetto, Georgia is a related organization.

(11) Prior Period Adjustment – Electric Fund

The City failed to accrue the June 2018 purchase of electricity from MEAG which caused the accounts payable to be understated and the change in net position to be overstated by \$207,473.

CITY OF PALMETTO, GEORGIA

Schedule of Changes in the Net Pension Liability and Related Ratios
Required Supplemental Information
Last Five Fiscal Years

	Fiscal Year End June 30,				
	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>					
Service cost	117,367	125,379	\$ 107,906	\$ 144,922	130,260
Interest	264,342	255,759	260,703	237,418	220,560
Difference between expected and actual experience	145,237	(146,606)	(258,400)	87,835	9,018
Change of assumptions	-	56,289	-	-	7,942
Benefit payments including refunds of employee contributions	(192,450)	(175,056)	(172,944)	(166,505)	(134,017)
Net change in total pension liability	334,496	115,765	(62,735)	303,670	233,763
Total pension liability - beginning	\$ 3,503,413	\$ 3,387,648	3,450,383	3,146,713	2,912,950
Total pension liability - ending (a)	\$ 3,837,909	\$ 3,503,413	\$ 3,387,648	\$ 3,450,383	\$ 3,146,713
<u>Plan Fiduciary Net Position</u>					
Contributions - employer	147,272	200,281	177,422	204,467	185,511
Contributions - employee	-	-	-	-	-
Net investment income	332,975	441,362	295,093	28,681	260,364
Benefit payments including refunds of employee contributions	(192,450)	(175,056)	(172,944)	(166,505)	(134,017)
Administrative expense	(12,204)	(12,902)	(7,297)	(8,040)	(6,385)
Net change in fiduciary net position	275,593	453,685	292,274	58,603	305,473
Plan fiduciary net position - beginning	3,375,637	2,921,952	2,629,678	2,571,075	2,265,602
Plan fiduciary net position - ending (b)	3,651,230	3,375,637	2,921,952	2,629,678	2,571,075
Net pension liability - ending (a)-(b)	\$ 186,679	\$ 127,776	\$ 465,696	\$ 820,705	\$ 575,638
Plan's fiduciary net position as a percentage of the total pension liability	95.14%	96.35%	86.25%	76.21%	81.71%
Covered employee payroll	2,030,399	2,086,713	\$ 2,108,590	\$1,910,171	1,951,298
Net pension liability as a percentage of covered employee payroll	9.19%	6.12%	22.09%	42.97%	29.50%

Note - Previous five years not available

CITY OF PALMETTO, GEORGIA

Schedule of Pension Contributions
Required Supplemental Information
Last Five Fiscal Years

	<u>Fiscal Year End June 30,</u>				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 144,635	\$ 164,222	\$ 164,222	\$ 191,070	187,130
Contributions in relation to the actuarially determined contribution	\$ 144,635	164,222	177,422	192,323	187,130
Contributions (excess)	\$ -	-	(13,200)	(1,253)	-
Covered - employee payroll	\$ 2,030,399	2,086,713	2,108,590	1,910,171	1,951,303
Contributions as a percentage of covered employee payroll	7.12%	7.87%	7.66%	9.84%	9.59%

Note - Previous five years not available



CITY OF PALMETTO, GEORGIA

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF PALMETTO, GEORGIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2019

	<u>SPLOST Fund</u>	<u>Confiscated Fund</u>	<u>Total Non-Major Governmental</u>
ASSETS			
Cash on Hand and in Banks	\$ 98,642	\$ 2,894	\$ 101,536
Local Option Sales Tax Receivable	4,379	-	4,379
Total Assets	<u>103,021</u>	<u>2,894</u>	<u>105,915</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Uncleared Cases Deposits	-	3,069	3,069
Fund Balances			
Restricted for:			
Capital Projects Financed with SPLOST	103,021	-	103,021
Unrestricted	-	(175)	(175)
Total Fund Balnce	<u>103,021</u>	<u>(175)</u>	<u>102,846</u>
Total Liabilities and Fund Balance	<u>\$ 103,021</u>	<u>\$ 2,894</u>	<u>\$ 105,915</u>

CITY OF PALMETTO, GEORGIA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	SPLOST Fund	Confiscated Fund	Total Non-Major Governmental
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental SPLOST Taxes	\$ 47,635	\$ -	\$ 47,635
Interest Income	-	-	-
Confiscated Funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>47,635</u>	<u>-</u>	<u>47,635</u>
Expenditures:			
Current			
Administrative	-	-	-
Fire	1,893	-	1,893
Police	-	2,280	2,280
Capital Outlays	58,159	-	58,159
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>60,052</u>	<u>2,280</u>	<u>62,332</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,417)</u>	<u>(2,280)</u>	<u>(14,697)</u>
Other Financing (Uses)			
Transfers In (Out)	-	-	-
Net Change in Fund Balances	(12,417)	(2,280)	(14,697)
Fund Balance at Beginning of Year	<u>115,438</u>	<u>2,105</u>	<u>117,543</u>
Fund Balance at End of Year	<u>\$ 103,021</u>	<u>\$ (175)</u>	<u>\$ 102,846</u>

CITY OF PALMETTO, GEORGIA

ELECTRIC FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2019 and 2018

Out \$75000

	2019			2018		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 3,975,000	\$ 3,942,420	\$ (32,580)	\$ 3,900,000	\$ 3,609,159	\$ (290,841)
Cut On and Permit Fees	20,000	45,460	25,460	3,000	105	(2,895)
Penalties	175,000	98,616	(76,384)	175,000	102,150	(72,850)
Service Fees	10,000	245	(9,755)	10,000	7,550	(2,450)
Miscellaneous	15,000	62,133	47,133	15,000	61,907	46,907
Total Operating Revenue	4,195,000	4,148,874	(46,126)	4,103,000	3,780,871	(322,129)
Operating Expenses:						
Personnel Services:						
Salaries	273,940	140,047	133,893	269,200	176,247	92,953
Payroll Taxes	15,150	10,303	4,847	15,150	12,847	2,303
Retirement	27,950	5,701	22,249	27,950	6,741	21,209
Insurance (Group and Worker's Compensation)	62,350	50,104	12,246	62,350	40,699	21,651
Training Expense	12,000	7,307	4,693	12,000	12,032	(32)
Uniforms	4,000	4,166	(166)	4,000	3,610	390
Total Personal Services	395,390	217,628	177,762	390,650	252,176	138,474
Administrative Expenses:						
Insurance - Vehicles and Equipment	4,500	4,104	396	4,500	4,445	55
Insurance - Other	7,000	10,026	(3,026)	7,000	8,733	(1,733)
Miscellaneous	6,000	5,719	281	4,000	-	4,000
Office Supplies	500	1,241	(741)	500	296	204
Georgia Public Web	5,000	1,848	3,152	5,000	3,904	1,096
Professional Fees and Contracted Services	70,000	35,247	34,753	50,000	52,311	(2,311)
Total Administrative Expenses	93,000	58,185	34,815	71,000	69,689	1,311
Depreciation Expense	100,000	89,640	10,360	75,000	72,350	2,650
Other Operating Expenses:						
Purchase of Utilities	3,000,000	2,573,954	426,046	3,000,000	2,355,906	644,094
Repairs and Maintenance:						
Buildings	4,000	305	3,695	4,000	1,379	2,621
Distribution System	300,000	54,651	245,349	50,000	90,447	(40,447)
Equipment	50,000	2,114	47,886	8,000	1,617	6,383
Vehicles	15,000	26,145	(11,145)	15,000	23,709	(8,709)
Equipment Rental	2,000	-	2,000	200	-	200
Gas and Oil	7,000	3,942	3,058	7,000	5,233	1,767
Miscellaneous Operating Expenses	20,000	23,720	(3,720)	42,000	24,962	17,038
Supplies	30,000	56,398	(26,398)	30,000	28,917	1,083
Telephone	5,000	3,265	1,735	5,000	2,568	2,432
Utilities	1,600	1,634	(34)	1,600	20,086	(18,486)
Total Other Operating Expenses	3,434,600	2,746,128	688,472	3,162,800	2,554,824	607,976
Total Expenses	4,022,990	3,111,581	911,409	3,699,450	2,949,039	750,411
Operating Income (Loss)	172,010	1,037,293	865,283	403,550	831,832	428,282
Nonoperating Revenues (Expenses):						
MEAG Telecom	12,500	(10,828)	23,328	12,500	13,896	(1,396)
Miscellaneous	3,000	-	3,000	3,000	-	3,000
Transferred to Water and Sewer Fund	(1,500,000)	(1,500,000)	-	-	-	-
Total Nonoperating Revenues (Expenses)	(1,484,500)	(1,510,828)	26,328	15,500	13,896	1,604
Change in Net Position	(1,312,490)	(473,535)	838,955	419,050	845,728	426,678
Net Position at Beginning of Year	3,354,214	3,354,214	-	2,508,486	2,508,486	-
Prior Period Adjustment	(207,473)	(207,473)	-	-	-	-
Net Position at End of Year	\$ 2,041,724	\$ 2,673,206	\$ 838,955	\$ 2,927,536	\$ 3,354,214	\$ 426,678

CITY OF PALMETTO, GEORGIA

WATER AND SEWER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 1,885,000	\$ 1,700,549	\$ (184,451)	\$ 1,880,000	\$ 1,753,144	\$ (126,856)
Water and Sewer Taps	170,000	290,800	120,800	170,000	414,150	244,150
Penalties	65,000	51,587	(13,413)	65,000	58,456	(6,544)
Miscellaneous	-	1,075	1,075	-	111,232	111,232
Total Operating Revenues	2,120,000	2,044,011	(75,989)	2,115,000	2,336,982	221,982
Operating Expenses:						
Personnel Services:						
Salaries	279,986	197,420	82,566	275,195	206,012	69,183
Payroll Taxes	25,100	14,412	10,688	25,100	14,378	10,722
Retirement	20,000	5,701	14,299	20,000	6,741	13,259
Insurance (Group and Worker's Compensation)	65,000	70,515	(5,515)	65,000	65,606	(606)
Training Expenses	3,000	4,283	(1,283)	3,000	1,600	1,400
Uniforms	3,000	4,291	(1,291)	3,000	3,434	(434)
Total Personal Services	396,086	296,622	99,464	391,295	297,771	93,524
Administrative Expenses:						
Insurance - Vehicles and Equipment	3,000	3,259	(259)	3,000	2,450	550
Insurance - Other	15,000	18,313	(3,313)	20,000	12,885	7,115
Miscellaneous	14,000	7,618	6,382	14,000	9,672	4,328
Professional Fees	125,000	121,203	3,797	70,000	36,871	33,129
Office Supplies	500	1,169	(669)	500	801	(301)
Total Administrative Expenses	157,500	151,562	5,938	107,500	62,679	44,821
Depreciation Expense	375,000	430,389	(55,389)	375,000	375,081	(81)
Other Operating Expenses:						
Water Purchases	100,000	19,289	80,711	100,000	44,561	55,439
Sewer Treatment	550,000	519,870	30,130	295,000	411,720	(116,720)
Equipment Rental	10,000	880	9,120	10,000	-	10,000
Gas and Oil	10,000	5,471	4,529	10,000	5,127	4,873
Miscellaneous Operating Expense	24,000	5,824	18,176	2,000	1,131	869
Repairs and Maintenance:						
Buildings	100,000	92	99,908	100,000	1,133	98,867
Distribution - Water and Sewer Systems	700,000	116,740	583,260	200,000	228,729	(28,729)
Equipment	20,000	10,193	9,807	20,000	1,741	18,259
Vehicles	5,000	5,679	(679)	5,000	3,053	1,947
Supplies	100,000	96,250	3,750	17,500	59,180	(41,680)
Telephone	10,000	10,971	(971)	10,000	11,815	(1,815)
Utilities	4,000	3,424	576	4,000	4,264	(264)
Bad Debts	-	-	-	-	75,000	(75,000)
Total Other Operating Expenses	1,633,000	794,683	838,317	773,500	847,454	(73,954)
Total Expenses	2,561,586	1,673,256	888,330	1,647,295	1,582,985	64,310
Operating Income (Loss)	(441,586)	370,755	812,341	467,705	753,997	286,292
Nonoperating Revenues (Expenses):						
Bond Interest	(130,028)	(100,494)	29,534	(160,000)	(170,019)	(10,019)
Transferred from Electric Fund	1,500,000	1,500,000	-	-	-	-
Transferred to General Fund	-	-	-	(325,000)	(324,895)	105
Total Nonoperating Revenues (Expenses)	1,369,972	1,399,506	29,534	(485,000)	(494,914)	(9,914)
Change in Net Position	928,386	1,770,261	841,875	(17,295)	259,083	276,378
Net Position at Beginning of Year	10,718,209	10,718,209	-	10,459,126	10,459,126	-
Net Position at End of Year	\$ 11,646,595	\$ 12,488,470	\$ 841,875	\$ 10,441,831	\$ 10,718,209	\$ 276,378

CITY OF PALMETTO, GEORGIA

SANITATION FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	\$ 260,354	\$ 340,326	79,972	\$ 310,000	\$ 289,851	(20,149)
Penalties	20,000	9,133	(10,867)	20,000	17,794	(2,206)
Miscellaneous	2,000	6,447	4,447	2,000	935	(1,065)
Total Operating Revenue	<u>282,354</u>	<u>355,906</u>	<u>73,552</u>	<u>332,000</u>	<u>308,580</u>	<u>(23,420)</u>
Operating Expenses:						
Contracted Services - Garbage	238,350	237,795	555	307,000	215,678	91,322
Other Operating Expenses	2,000		2,000	2,000	-	2,000
Total Operating Expenses	<u>240,350</u>	<u>237,795</u>	<u>2,555</u>	<u>309,000</u>	<u>215,678</u>	<u>93,322</u>
Transfers in (out)			-			-
Change in Net Position	42,004	118,111	76,107	23,000	92,902	69,902
Net Position at Beginning of Year	<u>478,848</u>	<u>478,848</u>	<u>-</u>	<u>385,946</u>	<u>385,946</u>	<u>-</u>
Net Position at End of Year	<u>\$ 520,852</u>	<u>\$ 596,959</u>	<u>\$ 76,107</u>	<u>\$ 408,946</u>	<u>\$ 478,848</u>	<u>\$ 69,902</u>

CITY OF PALMETTO, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

T-SPLOST

	Budgeted	2019 Actual	Variance- Positive (Negative)	Budgeted	2018 Actual	Variance- Positive (Negative)
Revenues:						
Intergovernmental	\$ 700,000	\$ 777,206	\$ 77,206	\$ 680,000	\$ 735,393	\$ 55,393
State and Federal Confiscations	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Total Revenues	<u>700,000</u>	<u>777,206</u>	<u>77,206</u>	<u>680,000</u>	<u>735,393</u>	<u>55,393</u>
Expenditures:						
Current						
Administrative	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlays	860,000	804,857	55,143	860,000	-	860,000
Administrative	-	-	-	-	-	-
Total Expenditures	<u>860,000</u>	<u>804,857</u>	<u>55,143</u>	<u>860,000</u>	<u>-</u>	<u>860,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(160,000)</u>	<u>(27,651)</u>	<u>22,063</u>	<u>(180,000)</u>	<u>735,393</u>	<u>(804,607)</u>
Other Financing (Uses)						
Transfers Out	-	-	-	-	-	-
Net Change in Fund Balances	(160,000)	(27,651)	22,063	(180,000)	735,393	(804,607)
Fund Balance at Beginning of Year	<u>847,228</u>	<u>847,228</u>	<u>-</u>	<u>111,835</u>	<u>111,835</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 687,228</u>	<u>\$ 819,577</u>	<u>\$ 132,349</u>	<u>\$ (68,165)</u>	<u>\$ 847,228</u>	<u>\$ 915,393</u>

CITY OF PALMETTO, GEORGIA

NON-MAJOR GOVERNMENTAL FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2019
 With Comparative Actual Amounts for Year Ended June 30, 2018

	SPLOST Fund 2019 Budgeted	2019 Actual	Variance- Positive (Negative)	2018 Actual	Confiscated Fund 2019 Budgeted	2019 Actual	Variance- Positive (Negative)	2018 Actual	2019 Total Non-Major Governmental
Revenues:									
Intergovernmental	\$ 50,000	\$ 47,635	\$ (2,365)	\$ 53,381	\$ -	\$ -	\$ -	\$ 2,105	\$ 47,635
State and Federal Confiscations	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-
Total Revenues	<u>50,000</u>	<u>47,635</u>	<u>(2,365)</u>	<u>53,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,105</u>	<u>47,635</u>
Expenditures:									
Current									
Administrative	-	-	-	-	-	-	-	-	-
Fire	2,000	1,893	107	-	-	-	-	-	1,893
Police	-	-	-	-	2,300	2,280	20	-	2,280
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital Outlays	60,000	58,159	1,841	5,740	-	-	-	-	58,159
Administrative	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>62,000</u>	<u>60,052</u>	<u>1,948</u>	<u>5,740</u>	<u>2,300</u>	<u>2,280</u>	<u>20</u>	<u>-</u>	<u>62,332</u>
Excess (Deficiency) of Revenues over Expenditures	(12,000)	(12,417)	(4,313)	47,641	(2,300)	(2,280)	(20)	2,105	(14,697)
Net Change in Fund Balances	(12,000)	(12,417)	(417)	47,641	(2,300)	(2,280)	(20)	-	(14,697)
Fund Balance at Beginning of Year	<u>115,438</u>	<u>115,438</u>	<u>67,797</u>	<u>67,797</u>	<u>2,105</u>	<u>2,105</u>	<u>2,105</u>	<u>-</u>	<u>117,543</u>
Fund Balance at End of Year	<u>\$ 103,438</u>	<u>\$ 103,021</u>	<u>(417)</u>	<u>\$ 115,438</u>	<u>\$ (195)</u>	<u>\$ (175)</u>	<u>\$ 2,085</u>	<u>\$ 2,105</u>	<u>\$ 102,846</u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds Schedule by Source

June 30, 2019

Governmental Funds Capital Assets:

Land	\$	482,679
Buildings and Improvements		3,117,813
Furniture and Fixtures		113,320
Vehicles and Equipment		2,183,724
Infrastructure		<u>3,037,375</u>
	\$	<u><u>8,934,911</u></u>

Investment in Governmental Funds Capital Assets by Source:

General Fund	\$	7,807,920
Special Revenue Funds		<u>1,126,991</u>
Total Investment in Capital Assets	\$	<u><u>8,934,911</u></u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2019

Function and Activity	Total June 30, 2019	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	\$ 607,659	\$ 26,681	\$ 348,798	\$ 44,736	\$ 187,444	\$ -
Police Department	1,382,661	60,000	606,178	23,363	693,120	-
Fire Department	1,456,786	232,660	180,408	25,876	1,017,842	-
Street Department	3,292,284	39,466	-	7,475	207,968	3,037,375
Special Services	<u>2,195,521</u>	<u>123,872</u>	<u>1,982,429</u>	<u>11,870</u>	<u>77,350</u>	<u>-</u>
Total Capital Assets Allocated to Functions	<u>\$ 8,934,911</u>	<u>\$ 482,679</u>	<u>\$ 3,117,813</u>	<u>\$ 113,320</u>	<u>\$ 2,183,724</u>	<u>\$ 3,037,375</u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

For The Fiscal Year Ended June 30, 2019

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 7/1/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets 6/30/2019</u>
Administrative	\$ 607,659	\$ -	\$ -	\$ 607,659
Police Department	1,339,135	43,526	-	1,382,661
Fire Department	1,396,779	60,007	-	1,456,786
Street Department	2,440,665	851,619	-	3,292,284
Special Services	<u>2,166,431</u>	<u>29,090</u>	<u>-</u>	<u>2,195,521</u>
Total Capital Assets	<u>\$ 7,950,669</u>	<u>\$ 984,242</u>	<u>\$ -</u>	<u>\$ 8,934,911</u>



**Independent Auditors' Report on
Special 1 Percent Sales and Use Tax**

Honorable J. Clark Boddie, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

We have audited the accompanying financial statements of the City of Palmetto, Georgia, as of and for the year ended June 30, 2019, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon December 30, 2019. These financial statements are the responsibility of the City of Palmetto's management. Our responsibility is to express an opinion on these financial statements based on our audit.

As required by the Official Code of Georgia Annotated (OCGA), Section 48-8-121, our Audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Sections 48-8-110 and 48-8-111. The accompanying Schedule of Special Purpose Local Option Sales Tax ("Schedule") lists each identified project and contains the information required by OCGA, Section 48-8-121. The Schedule is not intended to be a complete presentation of the City's assets, liabilities, revenues and expenses.

In our opinion this Schedule presents fairly, in all material respects, the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2019, the end of the fiscal year covered by this audit, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of those within the City, the regulatory agency with which the report is being filed, and is not intended to be and should not be used by anyone other than these specified parties.

Marietta, Georgia
March 1, 2021

City of Palmetto, Georgia
 Schedule of Projects Constructed
 With Special Sales Tax Proceeds
 Year Ended June 30, 2019

Number	Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
				Prior Years	Current Year		
3	Public Safety	405,475	NA	270,872	60,052	330,924	82%
3	Water and Sewer Improvements	8,525	NA	-	-	-	0%
	Totals	<u>\$ 414,000</u>	<u>\$ -</u>	<u>\$ 270,872</u>	<u>\$ 60,052</u>	<u>\$ 330,924</u>	

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable J. Clark Boddie, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Palmetto Georgia's basic financial statements and have issued our report thereon dated March 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Palmetto, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Palmetto, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Palmetto, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Palmetto Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be the initials 'PJA' with a long horizontal stroke extending to the right.

Marietta, Georgia
March 1, 2019